

## Key events in developed markets next week

Small rises in Covid cases are hampering GDP growth across developed market economies. Supply chain strains and worker shortages are ongoing issues in the US and UK, and the tapering of QE asset purchases looks unlikely in the near-term in the US and Canada



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### **US: Covid resurgence and continued supply chain issues hindering growth**

It looks increasingly likely that the Federal Reserve will wait until November before announcing the tapering of its QE asset purchases with the US experiencing a 'softish' patch as the resurgence of Covid and ongoing supply chain strains, production bottlenecks and worker shortages all act as a brake on growth. Inflation pressures are not showing any signs of easing though with annual rate of producer price increases pushing above 8% this week. Labour market strains are set to continue with a new record number for job openings. The competition for workers means the cost of hiring new staff is on the rise as wages are bid up and this has seen a rising number of people quit their job to move to a new one. This also means that firms are increasingly focusing on staff retention and implies the potential for broader pay inflation and a more prolonged period of above-target inflation readings.

## ✓ Canada: QE programme to continue with elections approaching

The Bank of Canada is set to leave policy unchanged and it could also be a little less certain about the outlook for policy. Recent softer data and higher Covid case numbers are a concern while the forthcoming election means the Bank is likely to be even more circumspect. It also means that the BoC's quantitative easing programme may continue for a little while longer although we would still expect it to be concluded by the end of 1Q 2022.

## ✓ UK: GDP growth set to slow on Delta's rise

Next week we'll get July's GDP data and it's likely to show a sharp slowdown in growth. That's essentially what all the high-frequency data has pointed to – mobility data plateaued below pre-virus levels and aggregate card data stalled. There's a tail risk of a decline in monthly output, though it would likely be small if it does. That's because the recent rise in Covid-19 cases appears to have had only a small impact on consumer willingness to socialise and get out and about, even if worker shortages became a real issue for firms as self-isolation became more prevalent. Since then, there have been tentative signs of a slight improvement in activity for August. But overall, we expect further gains in GDP to be gradual from now on, particularly if negative headlines on the virus become more frequent, leading to a renewed rise in consumer caution into the winter. We expect the economy to recover to pre-virus levels around the turn of the year.

## Developed Markets Economic Calendar

Monday 6 September				
Germany	0700 Jul Industrial Orders (MoM%)	-		4.1
UK	0930 Aug Markit/CIPS Cons PMI	-		58.7
	0930 Aug All-Sector PMI	-		59.2
	0001 Aug BRC Retail Sales (YoY%)	-		4.7
Tuesday 7 September				
Germany	0700 Jul Industrial Output (MoM%/YoY%)	-/-		-1.3/5.1
France	0745 Aug Reserve Assets Total	-		190654
Norway	0700 Jul Manufacturing Output (MoM%)	-		0.7
Switzerland	0645 Aug Unemployment Rate Adjusted	-		3
Netherlands	0530 Aug CPI (MoM%/YoY%)	-		0.5/1.4
Wednesday 8 September				
US	1400 Jul job openings (mn)	10	10	10.0
	1900 Federal Reserve Beige Book			
	2000 Jul Consumer Credit	27.5	28.6	37.7
Canada	1500 BoC Rate Decision	0.25	0.25	0.25
Thursday 9 September				
US	1330 Initial Jobless Claims	-		-
	1330 Cont Jobless Claims	-		-
Germany	0700 Jul Exports	-		1.3
	0700 Jul Imports	-		0.6
	0700 Jul Trade Balance	-		13.6
Norway	0700 Jul GDP Month Mainland	-		0.7
Greece	1000 Jun Unemployment rate	-		15.9
Eurozone	1245 Aug ECB Refinancing rate	-		0
	1245 Aug ECB Deposit rate	-		-0.5
Friday 10 September				
US	1330 Aug PPI (MoM%/YoY%)	0.6/8.2	0.5/8.1	10/7.8
Germany	0700 Aug CPI Final (MoM%/YoY%)	-/-		0/3.9
France	0745 Jul Industrial Output (MoM%)	-		0.5
UK	0700 Jul GDP Estimate (MoM%/YoY%)	0.2/7.8		1/15.2
Italy	0900 Jul Industrial Output (MoM%/YoY%)	-/-		1/13.9
Canada	1330 Aug Unemployment Rate	7.2		7.5
Norway	0700 Aug CPI (MoM%/YoY%)	-/-		0.9/3
	0700 Aug Core Inflation (MoM%/YoY%)	-/-		0.6/1.1
Netherlands	0530 Jul Manufacturing Output (MoM%)	-		4.4
	0530 Jul Trade Balance	-		6.46
Portugal	1100 Aug CPI (MoM%/YoY%)	-/-		-0.2/1.5
Greece	1000 Jul Industrial Output (YoY%)	-		8.8
	1000 Aug CPI (YoY%)	-		1.4

Source: Refinitiv, ING, \*GMT

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